

## HOLDING COMPANY



*This report highlights potential rerating stock ideas providing an attractive wealth creation opportunity with a calculative risk. We recommend to Buy these Holding companies with a potential upside of 50%+ over next 2-3 years horizon.*

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With evolvement of equity markets over the decades, several products were introduced to provide passive investment opportunities to investors, such as index funds, ETFs, mutual funds, REITs, etc. However, ownership in such funds comes at the cost of maintenance and execution charges.

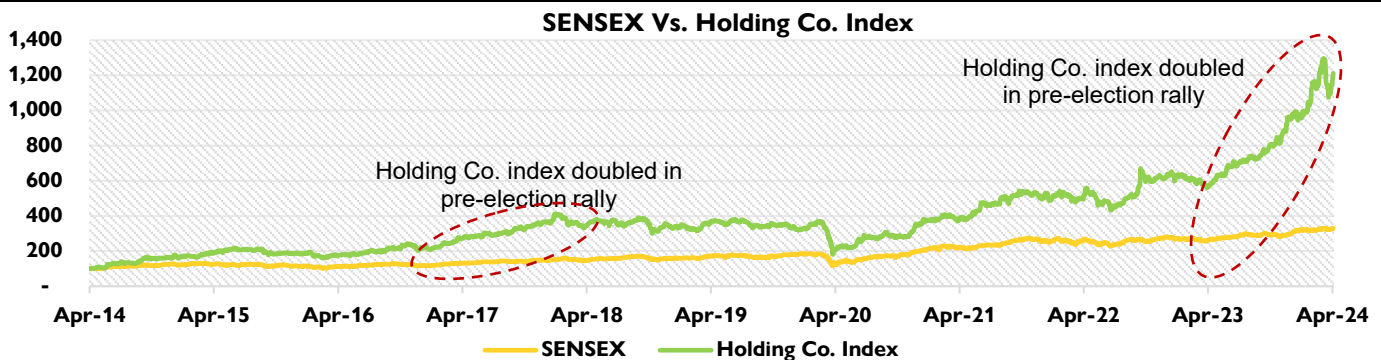
One well-thought approach of passive investment, which not only provides direct exposure to equity markets but also eliminates other operational costs, is through investment in holding companies listed on bourses.

Holding company investment acts as a great passive financial instrument, as company's financial performance is derived from the performance of several portfolio companies, thus diluting the company specific risk.

Looking at the historical price performance, holding companies have a proven track record of outperformance over the broader market indices. Comparison of Holding Co. index (constituting of coverage holding companies) with SENSEX over past 10 years is shown in the chart below.

This study shows that the Holding Co. index significantly outperformed the benchmark index over a longer investment horizon. Specifically, it was observed that the outperformance accelerates during the boom market, as was evidenced during the periods of 2017-18 and 2023-24 when the index nearly doubled within a span of one-year.

Although the corrections during market downturns were relatively sharp, as was seen during COVID times (2020), accelerated recoveries in subsequent periods provide the necessary cushion over longer investment horizons.



Source: Company, Way2Wealth

A detailed analysis on value creation by each holding company under coverage, compared to the benchmark index, is shown in the table below.

This study infers that, returns generated by the holding company over varied investment periods, outpaced those reported by the benchmark index. Thus, offering better risk reward opportunities for passive investment over longer horizons.

| Sr. No.   | Company Name                          | 1-Yr Return | 5-Yr CAGR  | 10-Yr CAGR | 10-Yr Alpha |
|-----------|---------------------------------------|-------------|------------|------------|-------------|
| 1         | NIFTY 50                              | 27%         | 14%        | 13%        | -           |
| 2         | Sensex                                | 23%         | 14%        | 13%        | -           |
| 3         | JSW Holdings Ltd.                     | 67%         | 18%        | 27%        | 14%         |
| 4         | Kalyani Investment Co.                | 122%        | 17%        | 19%        | 6%          |
| 5         | Summit Securities Ltd.                | 100%        | 14%        | 22%        | 9%          |
| 6         | Pilani Investment and Ind. Corp. Ltd. | 101%        | 14%        | -          | -           |
| 7         | Ramco Industries Ltd.                 | 71%         | 2%         | 19%        | 6%          |
| 8         | Bengal & Assam Co. Ltd.               | 124%        | 37%        | 38%        | 25%         |
| 9         | Bajaj Holdings Ltd.                   | 23%         | 19%        | 22%        | 9%          |
| 10        | Tata Investment Corp. Ltd.            | 217%        | 52%        | 31%        | 18%         |
| <b>11</b> | <b>Holding Co. Coverage Portfolio</b> | <b>95%</b>  | <b>26%</b> | <b>27%</b> | <b>15%</b>  |

## Holding Company Structure

### Q. What is a Holding Company? Why is it created?

Holding company is generally a parent company, limited liability company or limited partnership which holds a notable stake in portfolio companies. A holding company structure is developed when there exists multiple companies operating in different sectors under the umbrella of same group. It is usually owned by the promoter family and created to exhibit better control over the group companies.

There are multiple secondary factors such as tax planning, centralization of control, better allocation of capital employed, lower cost of debt financing, etc. being considered during the creation of a holdco. However, one of the key reason is the asset and liability protection as the parent company remains isolated even if the situation arises of any subsidiary company going bankrupt.

### Q. What are the types of Holding company structures? Why there exists valuation gap between them?

Companies which are incorporated keeping in view, investment, as the sole purpose are generally referred to as Financial Holding Co., while those that operates independent business model in addition to holding considerable stake in subsidiary / associate companies are called Operational Holding Co. As a result, incorporating the value attached to core operational business, Operational Holding co. usually trades at a higher valuation as compared to Financial Holding Co.

Such valuation gap is also observed between domestic holdco. and overseas holdco. One of the key factors which can justify this gap is the high proportion of promoter shareholding in Indian holding companies which impairs the basic underlying assumption that the interest of the minority shareholders would be prioritized each time while making any key strategic decisions.

### Q. What is Holding Co. discount and reasons behind its consideration?

Subsidiaries / portfolio companies operating under umbrella structure are normally assigned a holding company discount during calculation of individual intrinsic value. Some of the key reasons for application of this discount are as follows:

**Lack of control:** One of the key reason for holding companies to trade at discount compared to portfolio companies is the lack of control it has, in taking any strategic decision of the investee companies.

**Volatility in income:** As key source of income for a holding company is the interest / dividend income it earns from portfolio companies, thus it largely depends upon multiple factors such as performance of each investee company, respective dividend policy and any changes in it. As a result, hangover on account of risk that one or the other company may face adverse development / sectoral headwind is factored in using Holding Co. Discount.

**Comparatively lower liquidity:** As Holding company owns only a percentage of portfolio company and not the entire business, book size is resultantly lower than actual book size of the investee company. Additionally, promoter family of the underlying group owns significant proportion in the company leaving smaller pie for institutions and retail investors to trade or invest in.

**Double Taxation:** Holding company pay income tax on the income it receives as the dividend income. The investee company also pays the tax on the same income earned. Such situation exposes shareholders of Holdco. to double taxation situation.

**Q. Why level of discount among Holding Co. basket varies?**

Multiple holding companies are listed on Indian bourses falling under both Financial and Operational Holding categories. While this report is largely focusing on Financial holding companies, the valuation gap within this basket itself is very wide. It is clearly visible through the P/Bk valuation, as some companies' trade at low multiple e.g. Nalwa Sons Investment Co. trade at 0.17x TTM P/Bk while others enjoy significantly higher multiple such as TVS Holdings Co. garnering 5.4x TTM P/Bk. Multiple factors can be assigned to such valuation premium such as percentage shareholding in each investee company, corporate governance, performance of each underlying holding company, efficiency of capital allocation, etc.

**Q. Which are the factors to drive Holding Co. rerating?**

The factors which drives significant rerating, of holding companies, are listed below:

**Rerating of Portfolio Company:** Performance of Holdco. is largely driven by the performance in underlying companies. Sectoral tailwinds, govt. support or favorable policy announcements, corp. developments / restructuring, efficient capital employed, foray into new / lucrative business lines by investee companies could have varied range of impact and may lead Holdco rerating.

**Primary market listing:** Potential of several companies in the portfolio falling under unquoted segment/asset remains undervalued, as investment in these companies are carried at historical prices and not revised frequently. Thus, primary market listing of any such investment, provides the opportunity to value it appropriately and free of any significant discount. This, either increases book value or provides an opportunity to realize investing gains partially / fully.

**Q. What are recent regulatory developments on Holding Co. value determination?**

There have been couple of developments on Holding Co. being discussed at the regulator's end.

**Voluntary De-listing:** The regulator floated a consultation paper on voluntary delisting of holding companies. It suggested alternatives to reverse book building sources, delisting of IHCs, counter-offer framework, determining 'Floor Price' and review of reference date for floor price determination. However, SEBI did not approve the proposed delisting regulations.

**Fair Value Determination:** In the light of Investment Companies (ICs) and Investment Holding Companies (IHCs) are infrequently traded and at a price lower than the disclosed book value. As circuit breakers might affect fair price discovery, regulator may identify ICs and IHCs for call auction and may initiate the process for special call-auction without price band.

This report thus digs down into the universe of holding companies and gives brief investment hypothesis on some of the selected counters which possess the requisites of a rerating candidate in near future and provides an attractive opportunity of wealth creation with a calculative risk. Therefore, we recommend to Buy this Holding companies with a potential upside of more than 50% over next 2-3 years horizon.

| Holding Company Name                  | CMP   | Mcap (₹ cr) | Current P/Bk | Long-term Avg. P/Bk |
|---------------------------------------|-------|-------------|--------------|---------------------|
| JSW Holdings Ltd.                     | 6,950 | 7,714       | 0.40         | 0.52                |
| Kalyani Investment Co. Ltd.           | 4,490 | 1,960       | 0.34         | 0.51                |
| Summit Securities Ltd.                | 1,328 | 1,448       | 0.29         | 0.50                |
| Pilani Investment and Ind. Corp. Ltd. | 3,790 | 4,196       | 0.38         | 0.54                |
| Ramco Industries Ltd.                 | 232   | 2,010       | 0.54         | 0.60                |
| Bengal & Assam Co. Ltd.               | 8,450 | 9,545       | 1.74         | 0.65                |
| Bajaj Holdings. & Investment Ltd.     | 7,960 | 88,590      | 2.01         | 1.19                |
| Tata Investment Corp. Ltd.            | 6,810 | 34,455      | 1.77         | 0.95                |



**INVESTMENT RATIONALE**
**1. JSW Holdings Ltd.**

|                     |                        |                            |                             |
|---------------------|------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹6,950</b> | <b>MCap : ₹7,714cr</b> | <b>Current P/Bk : 0.40</b> | <b>10-Yr Avg P/Bk: 0.52</b> |
|---------------------|------------------------|----------------------------|-----------------------------|

JSW Holdings Ltd. is a NBFC that forms the investment arm of the JSW Group. It has holdings primarily in JSW Group's steel companies. Owing to surge in dividend income during FY23, return on net-worth increased from 0.84 in FY22 to 1.55 in FY23.

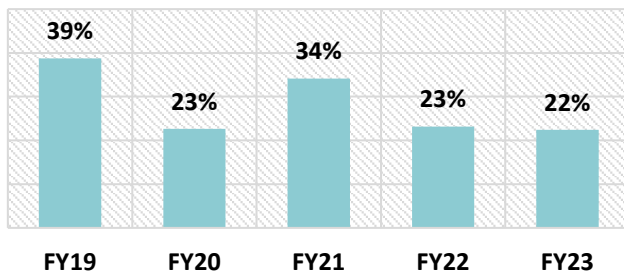
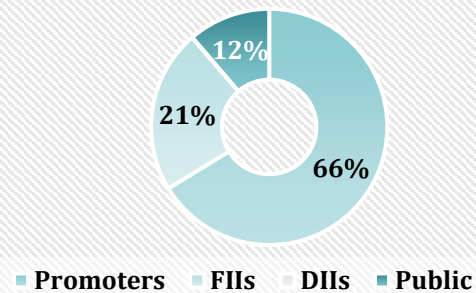
| Investee Company            | Stake | Market Value (Cr) |
|-----------------------------|-------|-------------------|
| JSW Steel Ltd.              | 7.4%  | 15,504            |
| Jindal Steel and Power Ltd. | 0.4%  | 333               |
| Jindal Stainless Steel Ltd. | 0.2%  | 101               |
| Nalwa Sons Ltd.             | 0.5%  | 9                 |

**JSW Steel Ltd.**

Domestic steel demand continues to remain robust and with strong brand value and deeper geographic presence, JSW steel is well poised to tap in this opportunity. Domestic crude steel capacity is expected to increase from 27.7 MTPA by FY23 to 37 MTPA by FY25 and 50 MTPA by FY31. This would be achieved through an estimated annual guided capex of ~150-200 bn. Under JV with JFE (Japan), first-in-India facility for Cold-Rolled Grain Oriented would be setup, which will aid in import substitution.

The company's portfolio primarily constitutes of JSW group companies, which is one of the renowned and well-run conglomerates in India. Key holding company i.e. JSW Steel is one of the leader in steel sector, which exhibits positive outlook for near future and this would certainly drive up investment value for the holding company.

| Particulars (Cr) | FY21 | FY22 | FY23 |
|------------------|------|------|------|
| Revenues         | 93   | 186  | 407  |
| EBITDA           | 88   | 180  | 401  |
| EBITDA Margin    | 95%  | 97%  | 99%  |
| Net Profit       | 75   | 152  | 331  |
| EPS(₹)           | 68   | 137  | 299  |
| P / E (x)        | 103  | 51   | 23   |

**Historical P/BK Trend**

**Shareholding Mix**


Source: Company, Way2Wealth

**2. Kalyani Investment Co. Ltd.**

|                     |                        |                            |                             |
|---------------------|------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹4,490</b> | <b>MCap : ₹1,960cr</b> | <b>Current P/Bk : 0.34</b> | <b>10-Yr Avg P/Bk: 0.51</b> |
|---------------------|------------------------|----------------------------|-----------------------------|

Kalyani Investment Co. is a part of Kalyani Group and formed by demerging 'Investment Business' of Kalyani Steels Ltd. It holds significant stake in Hikal (31.4%), Bharat Forge (13.6%) and BF Utilities (16.5%). With ~800bps increase in net profit margin to ~71.5%, return on net worth surged from 7.0 in FY22 to 10.6 in FY23.

| Investee Company  | Stake | Market Value (Cr) |
|-------------------|-------|-------------------|
| BF Utilities Ltd. | 16.5% | 511               |
| Bharat Forge Ltd. | 13.6% | 7,634             |
| Hikal Ltd         | 31.4% | 1,253             |

**Bharat Forge Ltd.**

Turnaround in international operations and company aims to grow revenue at 12-15% CAGR between FY22-30. With contribution from incubated business segments, consol. EBITDA would reach 20% levels which would enhance RoCE by ~500bps by FY30.

**BF Utilities Ltd.**

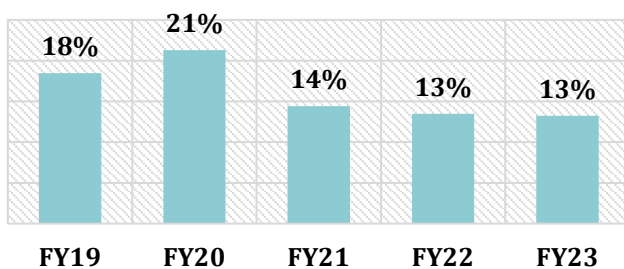
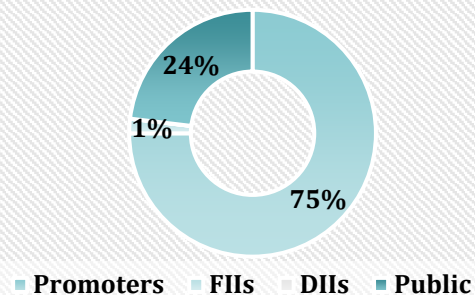
It operates in infrastructure development business and also engaged in electricity generation through wind mills.

**Hikal Ltd.**

It is one of the leading API manufacturer and custom synthesis service provider. With increase in share from CDMO business EBITDA margins likely to go upwards of 25% and asset turnover to 1.3.

Kalyani Investment's holdings are spread across diversified sectors such as steel, infrastructure, energy and chemicals. Going forward, healthy demand from US Class-8 trucks, improved order flow from defence segment and strong traction in electric 2W space would be key growth drivers for Bharat Forge while demand resurgence in chemical end-user industries such as Agrochemical could uplift Hikal's performance. Additionally, the group companies stands high in terms of corporate governance and are well run creating investor wealth for several decades now.

| Particulars (Cr) | FY21 | FY22 | FY23 |
|------------------|------|------|------|
| Revenues         | 8    | 31   | 56   |
| EBITDA           | 5    | 28   | 53   |
| EBITDA Margin    | 60%  | 91%  | 95%  |
| Net Profit       | 35   | 57   | 58   |
| EPS(₹)           | 79   | 131  | 133  |
| P / E (x)        | 57   | 34   | 34   |

**Historical P/Bk Trend**

**Shareholding Mix**


Source: Company, Way2Wealth

**3. Summit Securities Ltd.**

|                     |                        |                            |                             |
|---------------------|------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹1,328</b> | <b>MCap : ₹1,448cr</b> | <b>Current P/Bk : 0.29</b> | <b>10-Yr Avg P/Bk: 0.50</b> |
|---------------------|------------------------|----------------------------|-----------------------------|

Summit Securities Ltd. (formerly known as RPG Itochu Finance Ltd.), RBI registered NBFC arm of RPG Group. Company has stake in businesses from varied sectors e.g. CEAT (2.6%), KEC International (11.0%) and Zensar Technologies (11.1%). It holds strong balance sheet with near zero debt levels.

| Investee Company         | Stake | Market Value (Cr) |
|--------------------------|-------|-------------------|
| CEAT Ltd.                | 2.6%  | 264               |
| KEC International Ltd.   | 11.0% | 2,054             |
| Zensar Technologies Ltd. | 11.1% | 1,443             |

**CEAT Ltd.**

It aims to double export volumes within next 3 years. Market share gains across various segments bodes well for domestic business growth. Capacity increase under 2W tyre segment from 105 T to 155 T would be completed by next year.

**KEC International Ltd.**

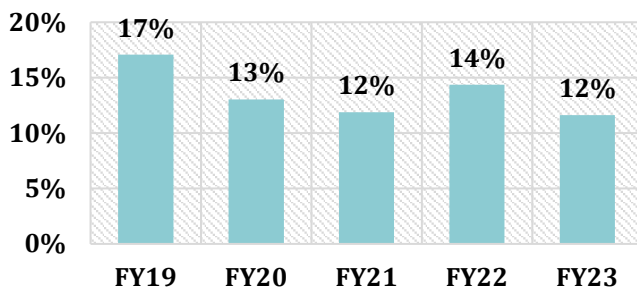
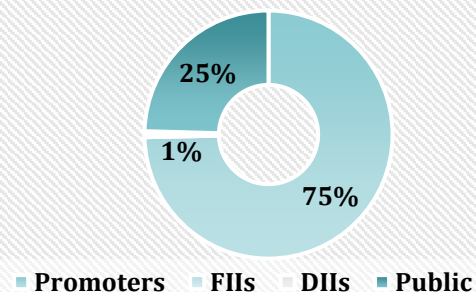
Capex thrust in Middle East to drive significant order pipeline in international markets. On the domestic front, GoI's focus on infra spending bodes well as the company expects ₹200bn of order inflow for FY24.

**Zensar Technology Ltd.**

Strong and complex deal wins across the globe remains forte of Zensar. Focus on integrated solutions and strategic partnerships would drive significant growth over the medium term.

RPG Group is a global diversified business group with operations spreading across IT, Infra, Tyres, Pharma, Energy and Agribusiness. With RPG Group's companies in the portfolio, Summit Securities Ltd. gets an exposure to an all-round growth. Strong fundamentals and improving performance of all key holding companies would be key growth drivers of Summit Securities.

| Particulars (Cr) | FY21 | FY22 | FY23 |
|------------------|------|------|------|
| Revenues         | 29   | 74   | 51   |
| EBITDA           | 26   | 70   | 47   |
| EBITDA Margin    | 90%  | 95%  | 92%  |
| Net Profit       | 18   | 51   | 37   |
| EPS(₹)           | 17   | 47   | 34   |
| P / E (x)        | 78   | 28   | 39   |

**Historical P/BK Trend**

**Shareholding Mix**


Source: Company, Way2Wealth

#### 4. Pilani Investment and Industries Corp. Ltd.

|                     |                        |                            |                             |
|---------------------|------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹3,790</b> | <b>MCap : ₹4,196cr</b> | <b>Current P/Bk : 0.38</b> | <b>10-Yr Avg P/Bk: 0.54</b> |
|---------------------|------------------------|----------------------------|-----------------------------|

Pilani Investment and Industries Corporation Ltd. functions as a core investment company with main activity being investment in shares and securities of the Birla group companies and providing finance to them. Grasim, Hindalco, Ultratech Cement, and Century Textiles are some of its major investments. The outlook of these companies is positive for the long term.

| Investee Company       | Stake  | Market Value (cr) |
|------------------------|--------|-------------------|
| Century Textiles Ltd.  | 33.11% | 6,946             |
| Grasim Ltd.            | 3.89%  | 5,913             |
| Ultratech Cement Ltd.  | 1.21%  | 3,344             |
| Hindalco Ind.          | 1.33%  | 1,827             |
| Vodafone Idea Ltd      | 0.22%  | 149               |
| AB Capital Ltd.        | 1.29%  | 680               |
| Kesoram Industries Ltd | 14.92% | 786               |
| Mangalam Cement Ltd    | 5.53%  | 130               |

#### Grasim Industries Ltd.

Company's foray into paints industry has opened up large addressable market for the company and its ability to penetrate into this duopoly market would support its significant capacity additions. Additionally, as highlighted in dividend distribution policy the company aims to maintain 25-45% as dividend payout ratio.

#### Century Textile Ltd.

Booking expectation for FY25 stands strong at ₹50-60bn with an EBITDA margin anticipation of 30-35%. Company eyeing project launches worth ₹80-90bn in FY25 largely owing to projects in Sarjapur, Pune, Delhi and a possible project of Thane in FY26.

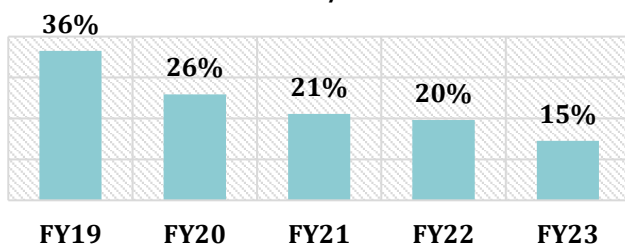
#### Ultratech Cement Ltd.

It maintains its leadership position in the cement industry and likely to benefit significantly out of strong demand anticipated to emerge from govt. infra announcement post elections. Company has also laid strong capex plans of more than ₹150bn spread over FY25 and FY26 cumulatively without much leveraging of the balance sheet. Additionally, management aims to become net cash positive by end-FY25.

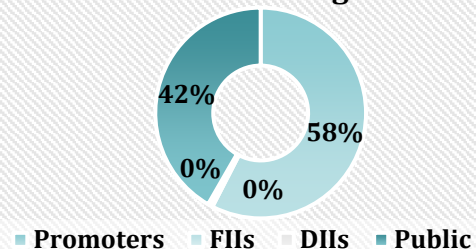
PILANI investment's portfolio largely comprises of companies showcasing robust execution strength and strong brand recall generating investor wealth over the years. Thus, the holding company is well placed to tap in growth opportunities across multiple sectors.

| Particulars (Cr) | FY21 | FY22 | FY23 |
|------------------|------|------|------|
| Revenues         | 199  | 258  | 279  |
| EBITDA           | 191  | 250  | 272  |
| EBITDA Margin    | 96%  | 97%  | 98%  |
| Net Profit       | 97   | 201  | 246  |
| EPS (₹)          | 87   | 182  | 222  |
| P/E (x)          | 43   | 21   | 17   |

#### Historical P/Bk Trend



#### Shareholding Mix



Source: Company, Way2Wealth



**5. Ramco Industries Ltd.**

|                   |                        |                            |                             |
|-------------------|------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹232</b> | <b>MCap : ₹2,010cr</b> | <b>Current P/Bk : 0.54</b> | <b>10-Yr Avg P/Bk: 0.60</b> |
|-------------------|------------------------|----------------------------|-----------------------------|

Ramco Industries Ltd. is part of diversified Ramco Group which has interest in Cement, Dry Wall & Ceiling products, Roofing products, Cotton Yarn, Surgical cotton and computer software. It has large investment in Ramco cements Ltd. of 21.4%, followed by 20.1% stake in Ramco Systems Ltd.

| Investee Company       | Stake | Market Value (₹ cr) |
|------------------------|-------|---------------------|
| Ramco Cements Ltd.     | 21.4% | 4,014               |
| Ramco Systems Ltd.     | 20.1% | 272                 |
| Rajapalayam Mills Ltd. | 1.7%  | 15                  |

**Ramco Cements Ltd.**

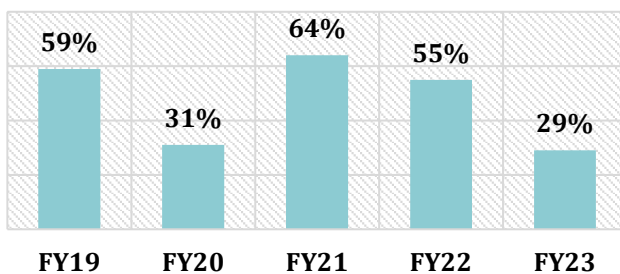
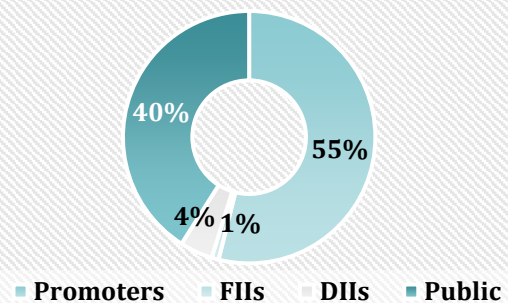
Significant boost from government supported infrastructure projects and demand driven expansion in housing segment leading to cement sector witnessing healthy volume growth. To capture this growing demand, RAMCO cements has plans to incur more than ₹20bn capex in near future.

**Ramco Systems Ltd.**

It is a global software enterprise focusing on next-gen Cloud Application such as ERP products across Asset Management, Logistics, Aviation, Aerospace and Defence, etc.

Multiple growth-levers such as improving operational parameters, investment in capacity expansion and sectoral tailwinds are in place for significant value creation in Ramco Cements. Additionally, sectoral consolidation in cement sector was another key driver for price performance in last one year. As a result, any development on this front or news related to Ramco Cement acquisition in future could be a good rerating lever for this holding company.

| Particulars (Cr) | FY21  | FY22  | FY23  |
|------------------|-------|-------|-------|
| Revenues         | 1,209 | 1,460 | 1,458 |
| EBITDA           | 195   | 226   | 152   |
| EBITDA Margin    | 16%   | 15%   | 10%   |
| Net Profit       | 279   | 303   | 123   |
| EPS(₹)           | 32    | 35    | 14    |
| P / E (x)        | 7     | 7     | 16    |

**Historical P/Bk Trend**

**Shareholding Mix**


Source: Company, Way2Wealth

**6. Bengal & Assam Co. Ltd.**

|                     |                        |                            |                             |
|---------------------|------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹8,450</b> | <b>MCap : ₹9,545cr</b> | <b>Current P/Bk : 1.74</b> | <b>10-Yr Avg P/Bk: 0.65</b> |
|---------------------|------------------------|----------------------------|-----------------------------|

BACL majorly holds investment in almost all the group companies of the JK group, which was founded in the year 1918. The group is actively working in the core sectors of cement, paper, automotive tyre, sugar, agri-products, etc. The group has established a reputed image and brand name over the years through its various group companies. Significant investments in the form of listed shares of major JK Group Companies, including JK Tyre and Industries, JK Lakshmi Cement Limited, JK Paper Limited, JK Agri Genetics Limited etc., provides adequate financial flexibility.

| Investee Company          | Stake | Market Value (₹ cr) |
|---------------------------|-------|---------------------|
| JK Tyre & Industries Ltd. | 49.9% | 5,378               |
| JK Lakshmi Cement Ltd.    | 44.3% | 4,163               |
| JK Paper Ltd.             | 47.0% | 2,819               |

**JK Tyre Ltd.**

Tyre industry in India witnessed structural changes post-COVID, leading to better pricing power and higher margins. To tap in the growing domestic demand, the company undertook ₹2.6bn capex to expand TBR capacity by ~300k tires/year. It taking steps to strengthen balance sheet via debt reduction with an aim to bring it down to ~25% by FY26.

**JK Lakshmi Cement Ltd.**

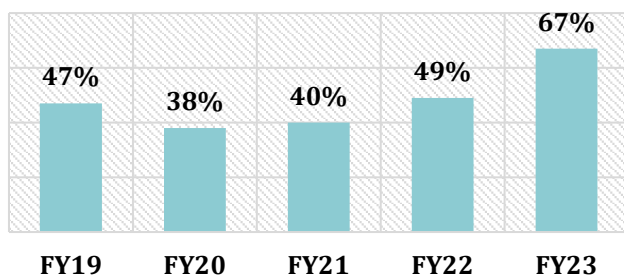
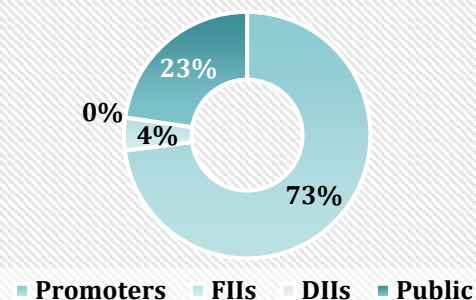
With an aim to expand in north-east region, the company announced plans to acquire 85% stake in Agrani Cement Ltd. It has significant plans of expansion with an aim to increase grinding capacity to ~24mtpa / 30 mtpa by FY27 / FY30 respectively from current 14 mtpa capacity.

**JK Paper Ltd.**

It is one of the leading paper manufacturer in the organised space on the back of better operating margins, large scale of operations and strong market share. Cost optimization and debt reduction could be key drivers for the company's performance going forward.

Key advantage that Bengal & Assam Co. has is the significant stake it holds in portfolio companies giving better control in key decision making.

| Particulars (Cr) | FY21   | FY22   | FY23   |
|------------------|--------|--------|--------|
| Revenues         | 10,439 | 13,609 | 16,521 |
| EBITDA           | 1,502  | 1,330  | 1,618  |
| EBITDA Margin    | 14%    | 10%    | 10%    |
| Net Profit       | 678    | 731    | 1,071  |
| EPS(₹)           | 450    | 556    | 830    |
| P / E (x)        | 19     | 15     | 10     |

**Historical P/Bk Trend**

**Shareholding Mix**


Source: Company, Way2Wealth

**7. Bajaj Holdings & Investment Ltd.**

|                     |                         |                            |                             |
|---------------------|-------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹7,960</b> | <b>MCap : ₹88,590cr</b> | <b>Current P/Bk : 2.01</b> | <b>10-Yr Avg P/Bk: 1.19</b> |
|---------------------|-------------------------|----------------------------|-----------------------------|

Bajaj Holdings & Investment Ltd. (BHIL) came into existence in 2007 post demerger of erstwhile Bajaj Auto Ltd. into Bajaj Auto Ltd. (BAL), Bajaj Finserv Ltd. (BFL) and Bajaj Holdings and Investments Ltd. (BHIL). It holds 39% and 34% in BFL and BAL respectively and also has 16.6% stake each in Bajaj Electricals Ltd. (BAJAJELEC) and Bajel Projects Ltd. (BAJEL).

| Investee Company       | Stake | Market Value (₹ cr) |
|------------------------|-------|---------------------|
| Bajaj Finserv Ltd.     | 39.1% | 1,02,391            |
| Bajaj Auto Ltd.        | 34.2% | 83,719              |
| Bajaj Electricals Ltd. | 16.6% | 1,834               |
| Bajel Projects Ltd.    | 16.6% | 543                 |
| Mukand Ltd.            | 5.6%  | 137                 |

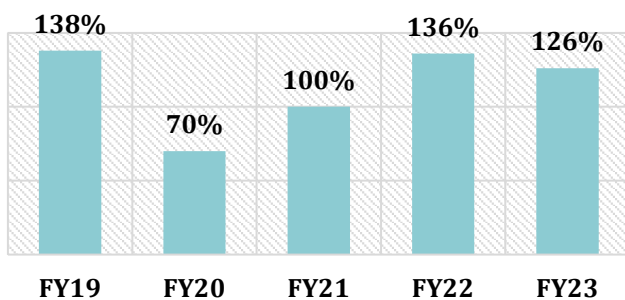
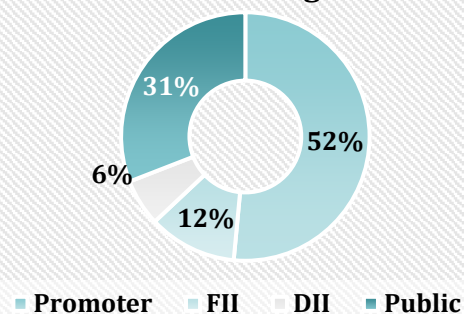
**Bajaj Auto Ltd.**

BAL is one of the leading domestic manufacturer in 2W and 3W segment and also has strong presence in overseas markets exporting to more than 90 countries. New product launches in IC/EV category in 2W & 3W segment and first in segment launch of CNG 2W motorcycle would support top-line growth of the company over medium term. Structural changes such as increasing premiumisation trends and company's strong presence in 125cc and above capacity bikes, would support margin improvement trajectory.

**Bajaj Finance Ltd.**

Bajaj Finance Ltd. remained a bellwether NBFC servicing India's mass affluent and middle class population for more than three decades. It is focusing on implementing omni-channel strategy which would enable customers to shift between online and offline channels swiftly. Entry into new lines of businesses such as car financing, tractor financing, micro finance, emerging corporate finance, etc. would ensure the company to maintain its historical 30%+ AUM CAGR growth.

| Particulars (Cr) | FY21  | FY22  | FY23  |
|------------------|-------|-------|-------|
| Revenue          | 3,908 | 4,380 | 5,195 |
| Op. Exp.         | 106   | 117   | 142   |
| EBITDA           | 3,802 | 4,263 | 5,053 |
| EBITDA Margin    | 97%   | 97%   | 97%   |
| PAT              | 3,654 | 4,126 | 5,012 |
| EPS              | 328   | 364   | 436   |
| P/E              | 24    | 22    | 18    |

**Historical P/Bk Trend**

**Shareholding Mix**


Source: Company, Way2Wealth

**8. Tata Investment Corp. Ltd.**

|                     |                         |                            |                             |
|---------------------|-------------------------|----------------------------|-----------------------------|
| <b>CMP : ₹6,810</b> | <b>MCap : ₹34,455cr</b> | <b>Current P/Bk : 1.77</b> | <b>10-Yr Avg P/Bk: 0.95</b> |
|---------------------|-------------------------|----------------------------|-----------------------------|

Tata Investment Corp. Ltd. (TICL) is a non-banking financial company investing mainly in the Tata Group of companies which are engaged in diversified businesses. It holds key stake in Tata Chemicals Ltd., Tata Consumers Products Ltd. and Trent Ltd. of 6.0%, 4.7% and 4.3% respectively.

| Investee Company        | Stake | Market Value (₹ cr) |
|-------------------------|-------|---------------------|
| Tata Chemicals Ltd.     | 6.0%  | 1,698               |
| Tata Consumer Pdts Ltd. | 4.7%  | 5,169               |
| Trent Ltd.              | 4.3%  | 6,351               |
| Tata Elxsi Ltd.         | 1.7%  | 785                 |
| Tata Steel Ltd.         | 0.4%  | 710                 |
| Tata Motors Ltd.        | 0.3%  | 1,080               |
| TCS Ltd.                | 0.0%  | 421                 |

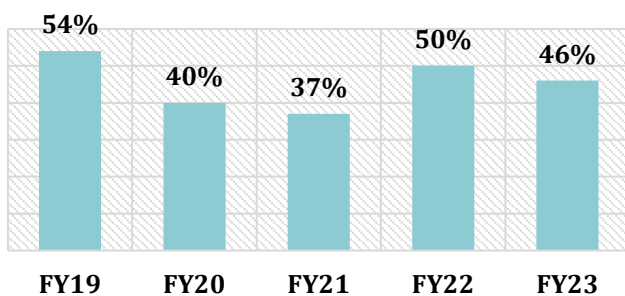
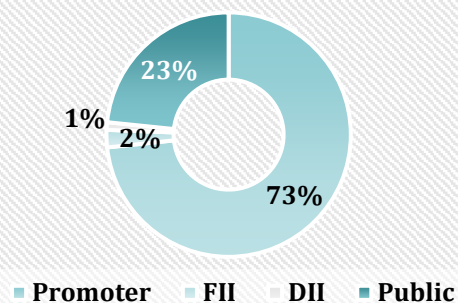
**Tata Chemicals Ltd.**

Tata Chemicals Ltd. (TCL) is one of the largest producer of Soda Ash in India and also exports it to many overseas markets. Overall it has ~4,400 KTPA of soda ash manufacturing capacity and the company intends to add another 1,000 KTPA capacity. It also has ~2,000 KTPA of Salt manufacturing capacity and plans to add ~400 KTPA are under consideration. TCL also eyes pie in EV battery market and the group has already signed \$1.6bn for EV battery plant. It holds ~3% stake in Tata Sons Ltd, which is up for a primary market listing for comply with regulatory requirements.

**Tata Consumer Products Ltd.**

Tata Consumer Products Ltd. houses some of the well-known FMCG brands such as Tata Salt, Tetley, Starbucks, Himalayan, etc. Several initiatives have been undertaken to establish strong presence in across the country with special focus on rural markets. Company is benefiting from sectoral tailwinds such as improving lifestyle and rising premiumization trends. While new product launches and expansion of digital sales channel remains drivers of organic growth, newer acquisitions would take care of inorganic growth.

| Particulars (Cr) | FY21 | FY22 | FY23 |
|------------------|------|------|------|
| Revenues         | 163  | 254  | 278  |
| EBITDA           | 144  | 229  | 246  |
| EBITDA Margin    | 88%  | 90%  | 89%  |
| Net Profit       | 155  | 214  | 252  |
| EPS(₹)           | 30   | 42   | 50   |
| P / E (x)        | 226  | 162  | 138  |

**Historical P/Bk Trend**

**Shareholding Mix**


Source: Company, Way2Wealth



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|--|--|
| Name of the Securities   | 1. JSW Holdings Ltd.<br>2. Kalyani Investment Co. Ltd.<br>3. Summit Securities Ltd.<br>4. Pilani Investment and Ind. Corp. Ltd.<br>5. Ramco Industries Ltd.<br>6. Bengal & Assam Co. Ltd.<br>7. Bajaj Holdings. & Investment Ltd.<br>8. Tata Investment Corp. Ltd. |
| Name of the analyst  | Prasad Hase & Ashwini Sonawane   |
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| Financial Interest   |  |
| Analyst :  | No   |
| Analyst's Relative : Yes / No  | No   |
| Analyst's Associate/Firm : Yes/No                                      | No   |
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